the MORTGAGE BANKER

MARCH 1952

The "mortgage problem" gets an airing before the Senate Banking and Currency Committee (above). For details see pages [illegible]

this issue ★

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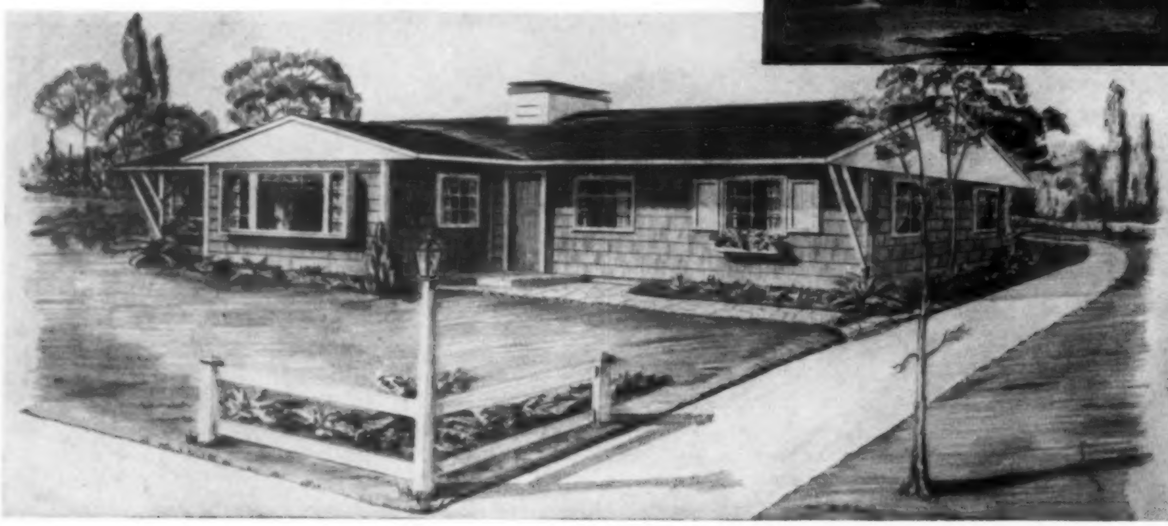

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UNITED STATES STEEL CORPORATION SUBSIDIARY

NEW ALBANY, INDIANA

the MORTGAGE BANKER

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PRESIDENT'S *Column*

ON FEBRUARY 6, 7 and 8, a Round Table discussion was held before the Senate Banking and Currency Committee in Washington, D. C. MBA had two representatives out of the 24 present and it was pleasing to observe the esteem in which our Association is held. Others in the group included four from life insurance companies, the chairman of the Federal Reserve Board, two from large national banks, three from savings banks or their affiliates, one each from the two savings and loan leagues, the president of the National Association of Home Builders, a representative of the National Association of Real Estate Boards, six from government agencies and others.

MBA representatives advocated a need for higher interest rates on FHA loans (particularly defense housing) and VA loans, urged better safeguards against loss in the event of foreclosure on Section 903 FHA loans, and asked for a higher rate on the debentures. It was pointed out clearly that the things recommended could be accomplished within the framework of existing laws and without new legislation. It was clearly shown how difficult it is to attract money into mortgages when other types of investments are paying higher rates and are competing for the funds.

The Senators comprising the committee evidenced particular interest in the subjects discussed and appeared eager for dependable information about our industry. It was apparent that they intended to give a most thoughtful review to the testimony submitted.

A meeting of this type provides a better understanding of the problems incident to financing homes for the people of America. It is difficult to predict at this writing just what degree of action will be taken by the federal authorities. However, you will be given further information as it becomes available.

The representatives of MBA who gave testimony, as well as our entire membership, are indebted to the others who gave unsparingly of their time and abilities in assembling the needed information.

Yours truly,

Aubrey M. Costa

President, Mortgage Bankers Association of America

What is behind the protection of every Title Guarantee Policy by

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1. A record of 105 years in the title business.
2. A record of 65 years in the trust business.
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ASSETS

Cash		$ 3,773,894.90
Marketable Securities (at cost)		
U. S. Government Obligations	$24,325,601.53	
State and Municipal Bonds	7,434,106.59	
Other Bonds and Preferred Stocks	4,600,756.15	
Common Stocks	3,752,434.09	
First Mortgages	225,226.60	
	40,338,124.96*	
Reserve for Market Fluctuation	4,818,662.60	35,519,462.36
Accounts Receivable (less reserve)		909,362.92
Sundry Loans and Investments		72,659.67
Real Estate (less depreciation)		109,875.50
Stocks of Associated Title Companies (at cost)		713,578.48
Chicago Title and Trust Building Corporation		5,750,000.00
Title Records and Indexes		1,500,000.00
Total Assets		$48,348,833.83

*Market Value $42,951,552.80

LIABILITIES

Trust and Escrow Cash Balances		$14,573,988.55
Cash Deposits as Indemnity against Specific Title Guarantee Risks		2,409,266.96
Accounts Payable		94,226.15
Accrued Taxes Payable		1,910,202.40
Reserves for Losses and Contingencies		3,993,890.62
Capital Funds		
Capital Stock	$12,000,000.00	
Surplus	10,000,000.00	
Undivided Profits	3,367,259.15	
		25,367,259.15
Total Liabilities		$48,348,833.83

Assets in the amounts provided by statutes of Illinois have been pledged to qualify the Company to do business and to secure trust and escrow cash balances.

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We Don't Have to Have ANOTHER DEPRESSION

The seemingly inevitable bust after the boom doesn't have to follow if those who have the power to prevent it take action now to do so

By MURRAY SHIELDS
Vice President, Bank of the Manhattan Co., New York

NOW that the forecasts and predictions for 1952 are in and digested, what may we logically expect beyond 1952? As I see it, for many years beyond 1952, the outlook for our economy is likely to be shaped by three powerful factors:

» The inflation which has now carried prices so high that some deflation may be either inevitable in time or avoidable only by the use of even more violent inflationary devices.

» Our failure to produce a depression-proof economy which leaves our economy vulnerable to a much deeper setback than would otherwise be necessary.

» The technological revolution here and abroad in medicine, agriculture and industry, which opens up an opportunity for a long period of vigorous expansion, great progress and unexampled prosperity.

What do these factors imply as to the long-range outlook for an economy which has had more booms and busts and more instability, but more growth and more solid accomplishment than any other the world has ever seen?

In looking beyond the phase of defense stimulation, we shall be well advised to assume that the stage has been set for a much more serious slump than formerly seemed to be likely. The economic dislocations caused by a long succession of booms have been so far-reaching that some really violent fluctuations in our economy now appear virtually inevitable.

Despite all of the sincere and determined efforts to make depressions a thing of the past, there are a number of reasons to believe that we do not have a depression-proof economy.

» The percentage of optional or postponable items in our production is at a new all-time high for we have been simultaneously making up the backlogs, building new industries and expanding and improving old ones, reconstructing the war-torn areas, building an inventory of military and civilian goods and raising the luxury-content of our standard of living—all of which makes for vulnerability.

» With consumers saving so small a portion of their incomes and with business operating at high breakeven points, the first sign of economic trouble could cause the postponement of capital outlays and a spasm of credit liquidation.

» The rise of nearly $300 billion in public and private debt in the past decade to a total close to $500 billion has exposed many individuals, businesses and governments, to the possibility of serious embarrassment in case the economic tide turns.

» Labor cost inflexibility is likely to force employers who cannot cut wage costs in competitive markets to reduce their labor forces more sharply than would otherwise be the case.

» The federal government has used many of its anti-depression devices, such as easy credit, price pegs and loan guarantees, to accentuate and perpetuate the boom instead of holding them in reserve for use in depression.

These are days when few people have the courage to say they can see very far ahead. Almost any kind of long-range planning immediately runs into all sorts of unknowns and uncertainties, barriers that stop planning right in its tracks. Actually, the average businessman looking ahead can see a great deal more than he thinks he can. There is a clearly defined long-range pattern of development in this country but too often it is obscured by the pressures of the present. Mr. Shields tells here what some of these things are. There are all manner of things going on in the economic life of this nation which will be powerful influences for the continued growth and progress of the country — provided, of course, those who sit in high places and make the decisions don't throw away our future. We don't have to have another depression, a bust doesn't have to follow the boom but it means some changes, some readjustment and, above all, some clear realistic thinking.

» The argument that we are going to inflate ourselves pleasantly and profitably out of any recession before it degenerates into depression runs counter to the fact that inflationary techniques, if applied when the tide of economic activity is receding, tend to have a deflationary effect on private capital expenditures.

If we resort to devaluation or to the printing presses in an effort to prevent depression, we could be catapulted into one of the most severe depressions in our history.

» The planners appear to be losing access to the funds necessary to their full employment programs. I doubt if any of the architects of the many "new" or "fair" deals all over the world assumed that governments would ever experience any difficulty in raising unlimited amounts of funds or that circumstances would force central banks to abandon their easy money programs.

Yet, there is no major nation today which could offer a large issue of long-term bonds without causing a serious decline in the prices of outstanding obligations, and every major central bank in the world has been forced to abandon its easy money policies.

» The long depression of the '30s may well have set in motion a series of gigantic economic waves. After a long drought of under-investment, in which there accumulated a colossal backlog of unfinished business in the durable and capital goods industries, we experienced a period of over-vigorous capital investment by individuals, governments and business concerns.

We were nearing the crest of the wave of rising investment when the outbreak of war in Korea caused still another surge upward so that the peak from which capital expenditures may in time fall is near the stratospheric level.

We are, I suspect, getting set for another punishing lesson in basic economics. The nation had to learn the hard way that the policies of the '20s could not yield lasting prosperity. Then it became clear beyond doubt that the policies of the '30s could not produce full employment. Now we are, I believe, in the process of demonstrating that the policies of the postwar '40s and the early '50s will not provide permanent prosperity but will, on the other hand, lead to depression.

My concern as to the nation's economic vulnerability is, it must be pointed out, not shared by many other observers.

AS IT IS AND . . .

"We are, I suspect, getting set for another punishing lesson in basic economics. The nation had to learn the hard way that the policies of the '20s could not yield lasting prosperity. Then it became clear beyond doubt that the policies of the '30s could not produce full employment. Now we are, I believe, in the process of demonstrating that the policies of the postwar '40s and the early '50s will not provide permanent prosperity but will, on the other hand, lead to depression."

—Murray Shields

One group believes that the Federal Reserve authorities can and will prevent any deflation of the money supply, that agricultural price pegs will forestall any marked decline in farm prices, incomes or land values, that any decline in the incomes generated by private industry will be cushioned by unemployment insurance and relief outlays, that huge increases in government expenditures for loans, foreign aid, relief, public works, etc., at a time when tax revenues are declining, will result in a highly stimulative deficit, that the unions will block any spiral of wage-cutting and that government guarantees of bank deposits and mortgages will prevent any crisis similar to that experienced from 1929 to 1934 or in 1920.

Another group agrees that our economy is in a precarious position but holds the view that when the government is faced with the threat of an economic reversal of consequence it will either socialize the economy in order forcibly to prevent any material contraction of employment, incomes and investment or resort to "printing press" inflation—or some modern approximation—in order to stem the tide of deflation.

The first group is probably in for a surprise when it is finally demonstrated that our defenses against depression will not be effective following a boom as pronounced as that which we are in today, and the second group is likely to discover that neither the people nor Congress would tolerate either "printing press" inflation or additional socialization until we have already experienced a depression so severe and prolonged that such devices would appear to be the only way out of a desperate situation.

When the phase of depression will come, no one can be sure, but it will probably depend largely on how the international situation shapes up. It is not likely to occur until defense, foreign aid and domestic plant and equipment expenditures level out and begin to decline. This is now roughly scheduled for late in 1952 or in 1953, but could develop earlier if international tensions were to lessen materially, or much later if further deterioration in the international situation were to force a substantial extension of the defense program.

Despite such misgivings, there is every reason for an optimistic appraisal of the broad, long-term trends in our economy. Our potentials for long-term development and growth are exceedingly great. We are still a virile, ingenious nation with great natural resources. The American frontier still exists, not in terms of virtually unlimited land, but rather in terms of technological development. We are, in fact, in the midst of a veritable revolution in industrial technology, affecting a wide range of fields, including power development, electronics, metallurgy, chemistry, agricultural production and medicine.

We have persistently underweighed the importance of technology in economic affairs. The colossal misjudgments of the '30s when the myth of economic stagnation received such distinguished, persuasive and, at times, mystical support had their origin in an underestimate of the significance and the importance of the new industries and of the new techniques of doing old things better and cheaper that were being developed in our industrial, university and private laboratories.

It is a curious commentary on the tendency of official thinking to be allergic to factors which cannot be expressed in neat arrays of statistics that several government agencies proceeded to produce elaborate tomes to prove that expansion was a thing of

the past and that the vast resources of the TNEC were mustered into an effort to petrify into official thinking the notion that the nation was mature.

Such a position could be made superficially plausible by the use of certain financial and national income statistics, but a few hours spent with some of our many perceptive scientists would have shown to anyone that we were, on the other hand, at the edge of a fabulous period in which:

>> Medical technology could reduce the rate of infant mortality and prolong the span of human life so that our markets would have the benefit of an upsurge in population;

>> Agricultural technology could increase our farm output and raise farm productivity to permit the shift of millions of agricultural workers into industry; and,

>> Industrial technology could provide vast new industries for development and so many cost-saving improvements in old industries, that incomes would be raised, productivity increased and real prices lowered materially.

Technology saved us from the threat of economic maturity and of under-investment and over-savings. It provided the basis for the wide range of "Buck Rogers" devices which enabled us to win the war. And it made inevitable an upsurge in investment in the postwar years.

In appraising the longer range outlook, the essential fact is that the technological revolution is far from its climax—as any scientist of vision will testify—and I would like to present a bit of documentation for that conclusion from only one segment of our economy.

The present shortage in the major metals is so pervasive and acute as to have engendered fears that future industrial expansion will be limited. The future demand for basic metals is, of course, simply colossal, for vast additional supplies will be necessary if our industry is to grow as rapidly in the future as it has in the past and if the process of industrialization in the other Western nations is to attain the quite high objectives implied in their expansion programs.

But several recent developments in metallurgy give promise of eliminating the specter of chronic shortage in the vital raw materials of industrial progress:

>> New geophysical and geological tools, such as the airborne magnetometer, stereoscopic and color photography, photogrammetric mapping with the use of the stereoplotter, airform profile recording, new types of seismographs, and other devices brought to development during and following World War II now enable us to locate new bodies of ores beyond the areas where surface outcroppings are present.

. . . AS IT SHOULD BE

"There are, in this hemisphere, to say nothing of other less-well developed areas of the world, countries with rapidly growing populations, vast untapped natural resources and large potential labor supplies. Our capital and technical 'know-how' can and will find challenging opportunities in these directions which can prevent any depression from becoming a national disaster and bring us—once the phase of readjustment is completed—into another period of great progress and prosperity."—Murray Shields

And, since it is likely that there are vast and fabulous ore resources not now known because they are below the surface covering of the earth, but not too deep to be worked economically, the new methods of prospecting give more than promise that a systematic search for new metal resources will in time eliminate the threat of shortage.

These new devices are well beyond the pilot plant stage; they are now being used economically and effectively, though on a limited scale.

>> New methods of mining involving much more efficient lifting and stripping equipment, new types of equipment for ore movement, including conveying machinery and off-highway trucks; new and larger power shovels and means by which unheard-of depths of open-pit mining are feasible promise to lower the cost of the mining process substantially over the years ahead.

>> New methods for ore separation and concentration, such as improved magnetic separation, the use of heavy media in sink or float processes, wider utilization of oxygen and of such expedients as high pressures in blast-furnace operation, are leading to spectacular advances in the smelting of metals from their ores, which increase utilization and permit the productive use of lower grade ores, new, or not so new, metals with new uses, such as titanium, magnesium, barium, indium, iridium, aluminum, palladium, tantalium, tellurium, tungsten, manganese and others, are sure to find large-scale application not only as substitutes for other metals but also in opening up wholly new areas of metal use.

>> New methods of metal fabrication, such as cold as well as hot extrusion, precision forging and casting, improved automatic machining processes, modern systems of seam and continuous welding, and improved electrolytic processes for coating metals can and will lower the cost of metal fabrication by substantial amounts.

In view of so profound a revolution in metallurgy, are we not justified in assuming that if our government will carefully devise policies to insure the full development of the potentialities involved, the risk of an embarrassing shortage of the basic metals can easily be avoided?

And, of far greater importance, the revolution in metallurgy could lower the real cost of metal end-products by amounts so significant that metal use in industry could be increased rather than contracted. But metallurgy is only one of many areas where "revolution" in technology gives promise of providing stimulation to our economy over the years ahead.

Therefore, even though one is pessimistic enough to believe that we do not have a depression-proof economy and to expect some serious downswings from time to time, the facts of technology provide assurance that the long-term trends can be sharply upward and that economic maturity need not be of serious concern for many decades to come.

There are, moreover, in this hemisphere, to say nothing of other less-well developed areas of the world, countries with rapidly growing populations, vast untapped natural resources and large potential labor sup-

plies. Our capital and technical "know-how" can and will find challenging opportunities in these directions which can prevent any depression from becoming a national disaster and bring us—once the phase of readjustment is completed — into another period of great progress and prosperity.

The population of the nations of North and South America—now approximately 300 million—may, in the next two or three decades, rise to a figure not far from 500 million. And it is a fact of massive significance that the rate of industrialization in the other nations of this hemisphere seems destined to be much more vigorous—though from a lower base—than will be the case in our own country. There are opportunities here for the sort of expansion in trade and investment which can spell progress and prosperity for everyone concerned.

With so many powerful forces making for long-range growth, it is incredible that faulty planning and inept management of our economy have presented us with the threat of a wholly unnecessary depression.

Peace should be the most stimulative thing that could happen to this war-weary world and if it ushers in a depression it will be only because our government has mismanaged us into an inflationary boom and is unwilling to adopt a constructive program for the period when defense outlays decline.

The potentialities for peacetime prosperity are tremendous. For the nations of Western Europe peace should eliminate the threat of defense-induced inflation, increase the volume of goods available for export so that foreign markets could be rebuilt, restore balance to their foreign payments and release funds for the expansion and rehabilitation of their industries.

For most of the less-well developed nations, peace could open up access to the machines, techniques and capital with which they could accelerate their industrialization, modernize their agriculture, and exploit their presently untapped mineral and power resources. And for the United States, peace would free resources for building the schools, roads and homes we need so desperately and provide our industry with an oppor-

tunity to take full advantage of the revolution in technology — of which only the surface has as yet been scratched.

In an environment so full of short-range danger and long-range potentialities, are not our government policy-makers under an obligation to devise a new anti-depression program appropriate to our present circumstances? The problem is one of finding new stimulants for application at a time when more inflation could explode an already dangerously extended economy and when government expenditures are already so high we can no longer look to increases in government outlays as an offset to declines in the private economy. The danger of a deep and prolonged depression would be greatly reduced if our government were to:

» Declare its determination to return — once and for all — to sound money based on (a) balanced budgets (b) reduced fiscal exposure from unfunded floating debt and (c) an independent Federal Reserve Board free from interference from the Treasury and from any responsibilty for supporting government bond prices.

» Announce that when defense expenditures decline it will reduce taxes immediately and avoid any temptation to seek other ways of spending the funds now going into defense.

» Obligate itself to abandon direct controls over prices, consumption and investment at the earliest opportunity —which means now in some cases.

» Inaugurate programs to eliminate the frills and the fluff in defense spending and to reduce non-defense expenditures which have become so bloated in the past few years.

» Demand that organized labor abandon its program of wage-inflation and assume responsibility to aid in increasing productivity.

"The planners appear to be losing access to the funds necessary to their full employment programs. I doubt if any of the architects of the many 'new' or 'fair' deals all over the world assumed that governments would ever experience any difficulty in raising unlimited amounts of funds or that circumstances would force central banks to abandon their easy money programs.

"Yet, there is no major nation today which could offer a large issue of long-term bonds without causing a serious decline in the prices of outstanding obligations, and every major central bank in the world has been forced to abandon its easy money policies."

—Murray Shields

» Insure the full development of the technological revolution by reorganizing our tax structure so as to stimulate exploration and research, and by recasting our foreign investment program to aid the nations of this hemisphere and of other less well developed areas to accelerate their own development.

The need of the time is for the development and adoption of a new blueprint for depression-proof prosperity. And if, as I believe, we are justified in assuming that the road to economic stability and strength is not to be found in either the policies of the twenties or of the thirties or of the forties, then we are under the obligation to do some really constructive thinking about the problem of how, under modern conditions, we can make our society fully productive and vitally strong.

I sense that we are reaching for a new set of economic values today—under the pressure of events which demonstrate all too clearly that the ideals of communism are but a cloak for aggression, that Socialism is but a method of distributing austerity, that big government invites political abuse, that government planning has not saved us from inflation, that the world cannot be prosperous if each individual nation erects around itself an iron curtain to prevent the free movement of people, capital, or goods, and that personal savings rather than government expenditure represent the only non-inflationary source of funds for expansion.

I am optimistic enough to believe that this is likely to be a time when we will profit from the mistakes of the past and chart out for ourselves a set of economic policies, plans and programs which will enable us to prevent the next depression from being either as devastating or as prolonged as that of the decade of the thirties and will make our long-range outlook one of prosperity and peace.

Mortgage Lending on PREFABRICATED HOUSES

What you do and how you do it told by a lender who has had a successful experience in the field

By W. C. RAINFORD

THE mortgage man has heard endless talks and read countless articles about the modern amortized mortgage loan. However, for the most part, he hasn't realized its full implication nor seen all of its possibilities. In the last 20 years he has seen the modern mortgage open many new opportunities. The insured or guaranteed mortgage has permitted large investors to operate on a national scale. The terms of these loans have extended the privileges and duties of home ownership to millions of additional families. These two accomplishments alone have resulted in a significant advancement in our standard of living, and in increased stability for our national economy.

W. C. Rainford

This much we know the modern mortgage has done. But has the mortgage man been aware of another, possibly an even more significant trend? Has he forgotten the outstanding accomplishment of nearly two decades earlier, when a modern financing method produced an industrial revolution?

The prefabricated house industry is over the bump and seems to be "going to town," as has been reported here and elsewhere. This year will be the best the industry has had and by any yardstick the outlook is favorable. The reason is that the product being offered appeals to the public; and if the improvement seen in recent years is an indication, then it will be still more appealing in the future. Mr. Rainford is president of the Mercantile Mortgage Company of Granite City, Ill. and has done a substantial business in loans on prefabricated houses. These are observations from his experience in this field.

The mass-production of automobiles changed our economy more significantly than any other single industrial accomplishment and set the pattern for our modern way of living. Mass-production became the key to the American industrial revolution. This beginning would not have been possible without a financing method that could create a mass-market.

The amortized mortgage has created such a market for homes. Since mass-production methods are now so much a part of our country's industrial know-how, it is only logical that this technique should be extended into the field of home-building. Since 1940 we have witnessed the gradual emergence of the merchant-builder who has undertaken large-scale residential construction using mass-production techniques to a greater or lesser extent. These techniques have varied, falling into many gradations, from partial site-fabrication to the completely factory-built house.

Our firm has found that the prefabricated house (regardless of how it is defined) lends itself admirably to modern mortgage financing. It is not too important to distinguish between the varying degrees of prefabrication since most of the advantages to the mortgage company are bound up in the essence of the mass-production idea.

Prefabrication realizes most of its economies from the standardization

The type of prefabricated house construction which is proving increasingly attractive to home buyers. Upper left, Gunnison's Coronado model sells in the $7,000-$10,000 range. Fully insulated with modern electrical plumbing and heating equipment, it is available in five sizes, two and three bedrooms with a variety of exterior architectural treatments. Below, left to right, units of the West Coast Mills, Chehalis, Wash.; P & H Homes Division of Harnischfeger Corp., Port Washington, Wis., and American Houses, Inc., New York.

of parts, which permits direct control of the quality of the major portions of the structure. The economies of prefabrication demand that the variety of floor plans be limited, but may provide for extensive architectural variations and, at the same time, offer the most in livability and efficiency to the greatest number of possible purchasers.

This means that the mortgage company has uniform security for the mortgage which is offered to the investor. The investor is offered a product of known quality which can be identified by a typical plan and elevation, to be constructed in most cases by a builder of known experience. In considering the purchase, the large investor has only the question of location to determine.

Prefabrication, by its very approach to assembly line techniques, suggests construction in large projects, where street, land, and utility improvements can also be installed most economically. This means that the investor can determine in advance the acceptability of the project location.

This leads to another advantage for the mortgage company. Construction financing is more easily arranged, and is more economical in such projects. There is also less risk involved, since cost factors, including those for improvements to the land, are more easily controlled.

In the years since World War II, over 50 per cent of our company's volume of new construction financing has been secured by prefabricated homes. We have found that most large investors will purchase mortgage loans secured by such projects. These investors have occasionally set up certain physical or architectural requirements of their own. In order for the builder to meet such requirements it is necessary to negotiate with one producer, not with many individual builders.

There have been many instances in which the manufacturer has conferred with the investor and together they have worked out a more acceptable product at very small increase in cost, if any. This can be done economically because the investor is dealing with

The great expansion in building has seen whole communities created with prefabricated homes. Above is Sheridan Village in Peoria, Ill. with houses made by National Homes Corporation. Below is Dawn Heights Subdivision at Belleville, Ill., with houses by Gunnison Homes. Performances like these and many others all over the country point up the fact that the prefabricated house industry has long since passed its so-called experimental stage and is now an accepted part of new building.

Some people looking at what the prefabricated industry has to offer today as compared with not too many years ago express astonishment at the change. The unit being offered the 1952 home buyer has everything he appears to want. Right at the top is an attractive functional design as these units clearly show. Below, left to right, homes produced New Century Homes, Clinton, Ind., Peaseway Homes, Inc. of Cincinnati and Florida Builders, Inc. of St. Petersburg, Fla. Upper right, one of the units of the National Homes Corp. Lafayette, Ind.


This is the sort of home construction that explains the success the prefabricated homes industry is now enjoying. For modern design, eye appeal and the sort of comfort today's home buyers want, the industry's products seem to be able to compete with anything available from conventional builders. Left, a National Homes unit, 52 feet long, four bedrooms, two baths and L-shaped living-dining room. Note full overhang on house, breezeway and two-car garage. Right, another model of the same manufacturer. It has a four bedroom floor plan. Note hermetically sealed window and new, popular slit windows.

one producer, while the results will be reflected over the producer's entire shipping area and in the product of all the builders.

Except for the overall advantages described previously, the financing of prefabricated houses is no different from financing of conventional types of construction. Mercantile Mortgage Company consults with the builder on his project plans. If the project involves development of a new subdivision, the site plan is presented to the appropriate FHA field office for approval or recommendation of FHA's land planning division. After the final plans are determined, a plat of the project is prepared identifying the type of house to go on each lot and the elevation to be used. Typical floor plans for each type of house are presented, usually identified by name, along with the various elevations. An application is then filed with the FHA field office for a builder-firm commitment. After the commitment is received, the project is submitted to the investor for his commitment to purchase the loan.

Arrangements for construction financing may then be completed. Wherever possible, the construction financing is arranged with a local bank. If necessary, a participation with a larger correspondent bank is arranged. The bank is presented with a commitment from the eventual loan purchaser — a builder-firm commitment from the FHA to assure liquidation of his construction advance. Advances will be secured by a mortgage on all of the lots involved. The bank may also require a performance bond depending upon its experience with the builder or sponsor.

After the arrangements are completed, the producer or manufacturer of the prefabricated package may desire a letter of credit from the Mercantile Mortgage Company outlining the terms under which the package will be paid for. Frequently, provision is made that the check for the progress payment be mailed direct to the manufacturer.

Construction advances are arranged to suit the particular builder's program. In most projects two advances are made, the first at the time the package is delivered. The advance may be for the cost of the package only with the final advance made shortly thereafter to include the cost of erection, etc. The Mercantile Mortgage Company makes the necessary inspections for such advances. In the projects where a letter of credit is given to the manufacturer, a copy of the bill of lading or delivery invoice is mailed to us by the manufacturer.

After completion and sale of each unit in the project, the purchaser's application is taken, and if acceptable, is submitted to the FHA for the firm commitment to the owner-occupant. After approval of the purchaser, arrangements are made for closing the loan. At the closing, the construction advances are liquidated and the balance paid to the contractor.

In this type of mortgage financing the cost of putting the additional servicing on our books is negligible for the reasons previously outlined. Our experience in servicing the loans on such projects compares very favorably with the balance of our portfolio.

Americans Won't STAY PUT

They move about like no other people ever did before. In recent years the wars have been partly responsible but the more basic reasons are desire for something better and more opportunity. It's a factor to consider in the loans we make because it's an established trend

AMERICANS have always been the movingest people from way back, and the last decade apparently established a record in this respect.

Figures compiled by the U. S. Bureau of the Census, based on sample surveys, show that about one out of every five of the population changed residences every year in the period from April, 1947 to the Spring of 1950. The estimated numbers involved were 28 million persons a year in the 1948-50 period, and 29 million in the 1947 period. While most of these merely changed homes in or near their former environment, several million pulled up stakes each year and moved from one State to another. Anyway you look at it, the figures are significant for the mortgage man.

For the earlier part of the decade, the seven years starting with the Spring of 1940, a total of 70 million persons, equivalent to approximately half the population in that period, resettled themselves in different homes or in other parts of the country. All these figures exclude members of the armed forces except those living off post or with their families on post.

Here is a factor which does much to explain the dynamism of the American system, for the motivating influence behind the mobility of the population is largely economic. The restlessness and drive of the early settlers on the Atlantic seaboard opened up the country and laid the foundations for its subsequent growth and prosperity. Their descendants today are going on with the job of building America by constantly trying to better themselves and taking advantage of the abundance of opportunities in our free and progressive economy.

As is to be expected, mobility is much more a characteristic of youth than it is of the older ages. The Census study for the 1949-50 period shows, for example, that 28 per cent of all persons 18 to 34 years of age moved about in the period as compared with only 10 per cent of the age group 45 years old and over. Similar relationships are found in previous years.

An indication of how the desire to get ahead inspires mobility is found in the fact that migrant males (those who went from one State to another) 14 years old and over had a median income of $1,850 in March, 1950 whereas the median income of those who stayed put or moved only short distances was about a fourth higher at that time. A larger proportion of the unemployed moved than those with jobs and made longer moves as well.

By occupational classification, professional and semi-professional workers, and laborers were the most mobile groups, with the former going the greatest distances of all in response to job opportunities matching their specialized skills. Farmers and farm managers were the least mobile of all, reflecting in large part the nature of their occupation. The following table gives the number (in thousands) and the migration status of the principal occupational groups in March, 1950:

Classification	Total Number in Group	Number Moving	Ratio
Laborers, except farm & mine...	3,101	654	21.1%
Professional, semi-professional	4,395	918	20.9
Operatives	11,712	2,292	19.6
Service workers ..	6,640	1,286	19.4
Farm laborers	2,012	387	19.2
Clerical & sales ..	11,362	2,137	18.8
Craftsmen & foremen	7,515	1,269	16.9
Proprietors, Managers & officials	6,292	933	14.8
Farmers & farm managers	4,523	482	10.7

Source: Bureau of the Census

MBA-NYU COURSE WAS LARGEST HELD SO FAR

Counting the January Washington Conference as a semi-educational effort, two of MBA's five activities in this field for 1952 have already been held. The second was the MBA-NYU senior executives' course in New York with attendance hitting an all-time high. *Right, the group attending the opening dinner.* The NYU section of the MBA Educational Committee was headed by Carton S. Stallard, Jersey Mortgage Company, Elizabeth, as Vice Chairman of the Educational Committee. Other members were Philip S. Bowie, G. Calvert Bowie, Washington; Leslie M. Steele, Underwood Mortgage & Title Co., Irvington, N. J.; Jay F. Zook, Jay F. Zook, Inc., Cleveland; William T. Walsh, Fidelity-Philadelphia Trust Company, Philadelphia; Harry C. Peiker, Feist & Feist, New York; Charles L. Hassman, Allied Mortgages, Inc., Cleveland; George W. DeFranceaux, Frederick W. Berens, Inc., Washington.

Yet to come this year: three Mortgage Banking Seminars.

MBA SEMINAR WILL BE HELD AT STANFORD U.

It's an even dozen now. A twelfth meeting has been added to the 11 MBA events already scheduled for 1952—and furnishing additional evidence that mortgage people get together more than just about anybody.

W. A. Marcus

Willis Bryant

Because of the success of past Mortgage Banking Seminars at Northwestern University, and insistent demands from many MBA members in the Far Western states, the Educational Committee has decided to expand the Seminar program to include a Western Mortgage Banking Seminar, Frank J. McCabe, Jr., director of education and research, announced.

The first course will be conducted August 18-22 in cooperation with the School of Business Administration, Stanford University, Stanford, California. The University will supply classroom and living facilities on the campus. The course will be patterned after the Basic Seminar at Northwestern University except for changes which local conditions might make necessary.

A local Committee headed by Willis R. Bryant, assistant vice president, American Trust Company, San Francisco, and member of the Educational Committee, will confer with Dr. J. Hugh Jackson, Dean of the Graduate School of Business, Stanford University, and other University officials, to work out the curriculum and make all necessary arrangements.

A recent survey of MBA members in the Western States indicates that an enrollment of between 75 and 100 students is assured, and the Educa-

Arrangements for Three MBA 1952 Mortgage Banking Seminars Announced

MBA's educational program, already one of the most comprehensive offered by any industrial trade association, is this year being expanded and improvements made in those offered in the past. With the MBA-NYU course just concluded and a brand new Seminar announced for 1952 *(as described on page 16)*, the Mortgage Banking Seminars in Chicago are already well organized.

In a joint statement, Herbert F. Philipsborn, H. F. Philipsborn & Co., Chicago, vice chairman of the Educational Committee, and Dr. Ernest C. Davies, acting dean, School of Commerce, Northwestern University, announced that plans have been completed for conducting the 1952 Seminars.

The Fifth Annual Mortgage Banking Seminar, the course in basic mortgage banking, will be held June 18 to 22, and the Second Annual Advanced Mortgage Banking Seminar, June 23, 24 and 25. The facilities of Thorne and Abbott Halls on the downtown Chicago campus of Northwestern University will again be utilized.

This year, for the first time, Northwestern University will co-sponsor these Seminars with MBA. Thus the stamp of educational acceptance has been placed upon two courses which have been eminently successful from their inception. In commenting upon

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tional Committee is of the opinion that this Seminar would be a great benefit to our Western members and should be mutually beneficial to Stanford University.

E. C. Davies

H. F. Philipsborn

Lindell Peterson

F. J. McCabe, Jr.

the participation of the University, Lindell Peterson, Chicago Mortgage Investment Company, and Chairman of MBA's Educational Committee, said "We are honored by the action taken by Northwestern University and feel that this co-sponsorship of our Seminars will be mutually beneficial to mortgage bankers and to the University." Speaking for Northwestern University, Dean Ernest C. Davies said:

"The School of Commerce of Northwestern University is happy to cooperate with the Mortgage Bankers Association in conducting the 5th Annual Seminar and the 2nd Annual Advanced Seminar. We are deeply interested in educational endeavors of this nature and believe that this particular project is especially worth while. We are confident that the students attending will return to their respective institutions greatly benefited by the experience."

Representatives of Northwestern University Dean Davies, Dr. Homer V. Cherrington and Dr. Harold W. Torgerson, met with the Chicago section of the Seminar division in developing the curriculum and faculty staff.

Dr. Cherrington will open the Basic Seminar with a lecture on "Evolution of the Business of Mortgage Lending." Dr. Roland I. Robinson, Professor of Banking, also of the Northwestern University faculty staff, will close the Advanced Mortgage Banking Seminar with a lecture on "The Business Outlook."

MBA can now offer to its members the only complete course in mortgage banking and endorsed by one of the leading universities of the country. Students attending will have the opportunity of studying economic and financial factors and government policies with a group of competent economic thinkers. They will also have the advantage of studying credit underwriting, collection policies, and servicing problems and practices with experienced mortgage bankers. Opportunity is offered to analyze the underwriting and investment policies of institutional investors developed from "firing line" research and experience. By attending both Seminars and preparing an acceptable thesis on a subject directly related to mortgage banking, and involving individual research, a student will be awarded a certificate, duly signed by officers of MBA and Northwestern University. Possession of such a certificate will be of great practical value in the furtherance of the business career of the student.

The general pattern of the 1952 Seminars will be similar to those of past years. In the basic Seminar three important changes are being considered. The second lecture "Prerequisites for a Successful Mortgage Banker" is an innovation. The subject of appraising will be restricted to dwellings, small apartment properties such as 3-story walk-ups, and small neighborhood store and commercial properties. Instructions have been sent to the lecturers handling these subjects to keep their discussion of the general principles for making appraisals at a minimum, and emphasize the actual analysis of appraisal reports as made by mortgage bankers.

Subjects for Northwestern University's Basic Seminar in June Cover Wide Range

Subjects to be presented at the basic Seminar and the lecturers who will comprise our faculty are:

Evolution of the Business of Mortgage Lending by Homer V. Cherrington, Professor of Finance, Northwestern University.

Important Pre-requisites for a Successful Mortgage Banker by MBA President Aubrey M. Costa.

Analysis of the Loan Application by Carey Winston, The Carey Winston Co., Washington, D. C.

Analysis of Personal Credit and Financial Statements by Franklin Briese, treasurer, The Minnesota Mutual Life Insurance Company, St. Paul.

Analyzing Dwelling Appraisals for Mortgage Purposes by Walter C. Nelson, vice president, Eberhardt Company, Minneapolis.

Analyzing Appraisals of Small Apartment Properties for Mortgage Purposes by F. Paul Morgan, president, F. P. Morgan Company, Boston.

Analyzing Appraisals of Small Store and Commercial Properties for Mortgage Purposes by Robert H. Armstrong, Armstrong Associates, New York.

Preparation of Mortgage Loan for Submittal to Corporate Investor—Dwellings by B. B. Bass, vice president, The American First Trust Co., Oklahoma City.

Small Apartment Properties by L. M. Steele, vice president, Underwood Mortgage & Title Co., Irvington, N. J.

Small Stores and Commercial Properties by Dale M. Thompson, president, City Bond and Mortgage Company, Kansas City.

Underwriting the Mortgage Risk—Dwellings by Gerald A. Golden, assistant superintendent of Mortgages, Sun Life Assurance Co. of Canada, Montreal.

Small Apartment Properties by E. C. Spelman, assistant vice president, The Western and Southern Life Insurance Company, Cincinnati.

Small Stores and Commercial Properties by J. Truman Streng, vice president, Massachusetts Mutual Life Insurance Co., Springfield.

Servicing the Loan by Thomas E. McDonald, MBA Director of Servicing and Accounting; A. A. Johnson, assistant vice president, Colonial Mortgage Service Co., Upper Darby, Pa.

Construction Loans by Carton S. Stallard, vice president, Jersey Mortgage Company, Elizabeth, N. J.

Law for the Mortgage Banker by Robert Kratovil, title officer, Chicago Title & Trust Co., Chicago.

Analyzing the Mortgage Market—Supply of Funds, Interest Rates and Security Prices by Robert H. Pease, vice president, Draper and Kramer, Inc., Chicago.

Effect of Government Policy on Insurance Company Investments by L. Douglas Meredith, executive vice president, National Life Insurance Company, Montpelier, Vt.

Legislative Developments by Samuel E. Neel, MBA Washington Counsel.

The Business Outlook by Mark A. Brown, president, Harris Trust and Savings Bank, Chicago.

MBA Advanced Seminar Is A Follow Up for Those Taking the Basic Course

CURRICULUM for the Advanced Seminar will include: Investment Policies and Practices of Institutional Investors including Life Insurance Companies, Commercial Banks, Mutual Savings Banks and Pension Trusts; Analyzing Appraisals of Large Apartment Properties for Mortgage Purposes; Analyzing Appraisals of Large Commercial Properties and Office Buildings for Mortgage Purposes; Underwriting the Mortgage Risk on Large Apartment Properties; Underwriting the Mortgage Risk on Large Commercial Properties and Office Buildings; Industrial Financing; Development, Building and Financing of New Communities and Drive-In-Shopping Centers; Urban Redevelopment; Acquiring New Business; The Importance of Loan Closings; Purchase-Lease Transactions; Private Placement of Corporate Securities; and the Business Outlook.

The Educational Committee consists of Lindell Peterson, Chicago Mortgage Investment Company, Chicago, as Chairman. Herbert F. Philipsborn, H. F. Philipsborn & Co., Chicago, is vice chairman of the Seminar Division and other members include: Edward S. Watts, E. S. Watts & Co., Inc., Montgomery; Willis R. Bryant, American Trust Company, San Francisco; William E. Inglis, Inglis Mortgage Company, Colorado Springs; Paul M. Whatley, Stockton, Whatley, Davin & Company, Miami. Mark V. Overmyer, Lincoln National Bank and Trust Company, Fort Wayne; Robert S. Waples, Midland Mortgage Company, Cedar Rapids; Joe Jack Merriman, Merriman Mortgage Company, Kansas City; E. C. Spelman, The Western and Southern Life Insurance Company, Cincinnati; Ralph C. Hall, Hall Investment Co., Tulsa.

G. R. Swantner, Jr., G. R. Swantner Investment Corporation, Corpus Christi; Max Ostner, James E. McGehee & Co., Inc., Memphis; Howard E. Green, Great Lakes Mortgage Corporation, Chicago; D. R. Beaumont, Percy Wilson Mortgage and Finance Corporation, Chicago.

W. C. Warman, Sumner Mortgage Company, Oak Park; John M. McGill, Equitable Life Insurance Company of Iowa, Des Moines; Grant Torrance, Business Men's Assurance Company of America, Kansas City; Everett Mattson, T. J. Bettes Company, Dallas.

The whole educational program is under the general planning and direction of Frank J. McCabe, Jr., MBA's director of education and research.

MEMPHIS AND ATLANTA NEXT ON CLINIC LIST

With the Chicago Mortgage Conference successfully concluded (it was MBA's largest regional meeting), the next step in cross-country cavalcade of meetings is Memphis on March 12 and Atlanta on March 14. The Memphis clinic is being preceded on March 11 with a joint meeting sponsored by

W. A. Clarke

John J. Scully

Carl A. Robinson

Frank C. Owens

the Memphis MBA and the Memphis Real Estate Board at which Roy Wenzlick, noted real estate authority,


Horace I. Seeley


T. E. McDonald


Samuel Neel


T. E. Lovejoy, Jr.

will speak on the outlook for mortgages and real estate.

Everyone attending the Memphis Clinic is urged to get there by Tuesday afternoon at 4 o'clock and hear Mr. Wenzlick. Next morning President Costa will report on his observations of mortgage market conditions as he has seen them over the country followed by a joint discussion by W. A. Clarke, W. A. Clarke Mortgage Co., Philadelphia, and John J. Scully, Chase National Bank of New York, on warehousing and financing the mortgage market.

At the luncheon meeting to which all attending are invited, Samuel E. Neel, MBA Washington counsel, will speak on capital developments. That afternoon Thomas E. McDonald, director of accounting and servicing, will speak on the most important needs that he has observed over the country for more efficient and economical loan servicing. The last address will be by Horace I. Seeley of the Carolina Power & Light Company.

Carl A. Robinson, president of the Carl A. Robinson & Co., Inc., and president of the Memphis MBA, will preside at the Memphis sessions.

The Atlanta program is a duplicate of Memphis. Frank C. Owens, president of Draper-Owens Co., is chairman of the Atlanta group with D. L. Stokes, president of D. L. Stokes & Co., Inc., and Robert Tharpe, president of Tharpe & Co., vice chairmen.

FARMERS IN A BETTER SPOT THAN EVER BEFORE

FARMERS never had it so good. And that goes for the farm mortgage picture too—farmers have never been so well situated debt-wise as they are today.

The tripling of cash farm income over the past decade, combined with the maintenance of a relatively low level of debt, have brought an extremely favorable relationship between these two major factors in agriculture's balance sheet.

Though the over-all farm debt has risen substantially since the end of World War II, figures compiled by the U. S. Department of Agriculture show that the nation's farmers combined had cash receipts of more than $2 from marketings alone in 1950 for every dollar they owed.

Including Government payments (a minor part of the total), cash receipts from farming aggregated $28.2 billions in 1950. The total mortgage and non-real-estate debt outstanding at the end of 1950 added up to $12.8 billions.

Thus aggregate farm debt at the close of 1950 was the equivalent of only 45 per cent of cash receipts from farm marketings during the year.

Ratios between farm debt and cash farm income this low or lower are found in recent years from 1943 to date, reflecting not only the wartime and post-war prosperity in agriculture but also the prudence with which so many farmers handled their greatly increased incomes in those years.

However, prior records going back to the First World War period show that seldom before 1941 were the annual cash receipts from farm marketings plus Government payments as much as the total of agricultural debt in any one year. In some years in the Twenties and the Thirties, the farm debt total ran from one and one-half to more than twice the total of cash farm income in those years.

Farmers Have Saved

The record of farmers' savings over the past decade is likewise impressive, and represents another factor of marked importance in agriculture's current well-being. At the end of 1939, farmers in the aggregate had a total of $5 billions accumulated in bank deposits, currency, U. S. savings bonds, and investments in cooperatives. These cash assets were the equivalent of only 50 cents for every dollar farmers as a whole owed at that time.

At the end of 1950, however, farmers' combined cash assets added up to a total of $21.9 billions, or more than four times the 1939 amount. Even though total farm debt shows a net gain of nearly $3 billions in the same period, the nation's farmers together had $1.71 in cash or its equivalent at the close of last year for every dollar they owed.

Agriculture's total assets, including the farm plant, were valued at a total of $142.8 billions at the beginning of this year or 165 per cent above the comparable total of such assets at the beginning of 1940. A very large part of this rise, however, reflects the impact of the inflation of the past decade on the prices of farm land, inventories and equipment.

In Lubbock, Texas, above . . .

LOOKING IN ON SOME NEW MBA OFFICES

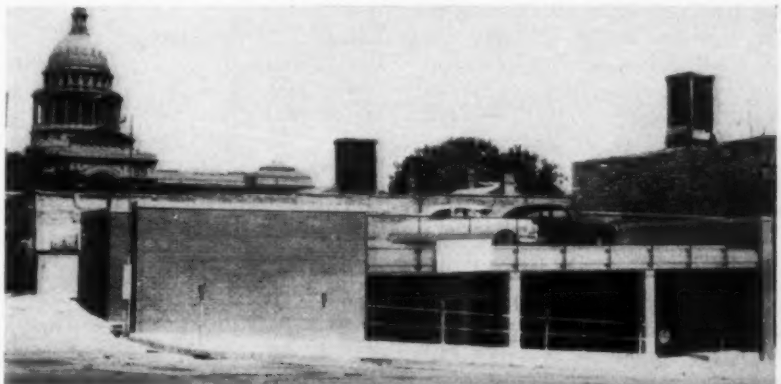
NEW buildings to house mortgage companies are going up everywhere. Unique feature of the new building which D. L. Welch & Co., Inc., of Austin, Texas, recently occupied is that the roof is the parking lot. Probably no other mortgage office in the country can make that claim. The firm's new office (top right photo) is in the central business district one block from the State Capitol grounds.

In constructing the building, the architects took advantage of the natural terrain. The office accommodates the Welch mortgage operation and the firm's allied real estate and insurance firm, Welch-Lewis Co. The firm services about 1,000 loans aggregating about $8,500,000.

Another member firm has just moved in new quarters. New nationwide headquarters (lower photo) for the American Title Group's operations in Miami, Florida, were dedicated in late January.

The mortgage loan department, headed by Frank E. Denton, president of the Greater Miami MBA, includes American Title and Insurance Company, and affiliate, South Atlantic Title Insurance Co. This department is currently servicing $55,000,000 of loans in Florida. The Jacksonville office of the American Title Group's mortgage loan department is headed by James H. Kidd and the Fort Lauderdale branch managed by David L. Breinin. American Title and Insurance Company is the only Florida-domiciled company that writes title insurance outside of that state.

Another new mortgage office is that of the Read-Thompson Mortgage Company in Lubbock, Texas *(see top of page)*. Out in this West Texas country, the trend to a first floor, centrally located office is again seen. The firm is occupying 2500 feet on the ground floor of this new building. Asher J. Thompson is president of the company.



In Austin, Texas, above; and in Miami, below.

PACKAGED MORTGAGE

By ADDISON C. POND

EARLY in 1945, National Life Insurance Company became the first mortgage lender, operating on a nationwide basis, to introduce a packaged mortgage. Today the nature of the packaged mortgage plan is well known, and many lenders now include it in their mortgage loan program. Briefly, the packaged mortgage permitted the inclusion of major kitchen equipment, such as ranges, refrigerators, electric dishwashers, garbage disposal units, washing machines, home freezers, and ironers, in the basic mortgage. By this procedure, costly installment financing could be eliminated (the rate of interest paid for financing equipment is exactly the same as that paid for financing the rest of the loan), and payments for such equipment could be spread over the life of the mortgage, thus reducing the total financial load on the borrower during the first two or three years. Under the packaged mortgage concept, a home became something more than four walls, a roof, the land, and the bare essentials.

Addison C. Pond

Our seven years' experience with the packaged mortgage has permitted us an opportunity to examine again those fears which prevented its earlier adoption and also to review the progress which has been made in its use. The legal difficulties of including equipment as part of the realty have been overcome in most jurisdictions. Since 1945, the courts in many states have changed their attitude as to what constitutes real estate; the Federal Housing Administration and the Veterans Administration have also permitted such household equipment to come under their insurance and guaranty as part of the real estate. From a practical point of view, however, the initial analysis of the borrower's character, together with his complete understanding of the transaction, should reduce future legal difficulties involving the household equipment, such as removal and sale. National Life has experienced no legal difficulties to date.

It is axiomatic that the term of any loan should not exceed the economic life of its security. However, under a packaged mortgage, how can one determine what part of a home is paid for in the first two or three years of the mortgage life and what is paid for during the latter years? Our experience has been that kitchen equipment has as long an economic life as many generally-accepted components of a house, such as roofs, screens, oil burners, paint, decoration, and similar articles. The present quality of such equipment supports an economic life, assuming normal household use, of well over five years; and we know of many instances in which equipment has lasted for a much longer period. Manufacturers claim a much longer life for their products, and studies by government and private agencies tend to support their claims. In seven years, no problems have been created on our loans due to the wearing out of such equipment.

The fears, first, that the borrowers would acquire more equipment than they need, and, second, that credit would be overextended, do not appear to be supported by our experience. The loan application that requests the inclusion of *all* such equipment, is indeed rare; the usual equipment is ranges and refrigerators. All others are either already owned by the borrower or are classed as desirable but not necessary. As to the over-extension of credit by the mortgagee, it is fairly certain that a new home owner is going to have at least a range and a refrigerator. His

The packaged mortgage is a development about which considerable skepticism was expressed by some lenders. There were doubts about legal considerations, how long the equipment would last. National Life Insurance Company has had seven years' experience with the packaged loan and it has been a successful one as Mr. Pond describes here. Legal hurdles have been overcome in practically all jurisdictions and it appears that the packaged mortgage is another innovation in the industry that is here to stay. Mr. Pond is supervisor of real estate investments for the company.

financial arrangements for their acquisition are important to the mortgagee since they affect his ability to handle his mortgage obligation. The avoidance of heavy installment payments for ranges, refrigerators, etc., during the first two or three years after purchase of a house has proven a boon to many borrowers who otherwise might have been unable to purchase the equipment or, if they had, it could have been done only at the risk of taking on too much of a burden of monthly payments. This is even more true today because of the greater equity and shorter terms required under Regulation W. Our original thoughts of 1945, that the inclusion of kitchen equipment in the packaged mortgage would lighten the home owner's financial burden during the first year or two of home ownership, have been justified as delinquency and foreclosure records on packaged mortgage loans show.

No conventional packaged mortgage loans have been in foreclosure although a few FHA and VA packaged mortgage loans have reached the foreclosure stage. There is, however, no indication that the inclusion of kitchen equipment contributed to default since our study of foreclosure cases reveals that other factors caused the default. In fact, it is possible that the presence of the equipment as part of the security in the few cases involved probably deferred foreclosure by allowing the borrower to concentrate on one indebtedness, rather than on the several which would have been involved under the usual mortgage loan, with a creditor for each article of equipment.

Most common equipment in today's packaged mortgage is the range and refrigerator. In National Life's experience with the packaged loan, no problem has been created because equipment has worn out before it should. ***(Photos by General Electric Co.)***

Delinquency on packaged mortgage loans has been negligible and percentagewise is less than on all other types of mortgage loans. The only common denominator for packaged mortgage loans is that kitchen equipment has been included as security for the loan, whether the loan was FHA, VA or uninsured. It is, therefore, encouraging that these loans as a group appear to have a better delinquency record than do our conventional, FHA and VA loans, respectively.

Where else in the modern home today can one find the quantity and quality of labor-saving devices and essentials to reasonable comfort than in the kitchen? Facilities for cooking, food storage and disposal, laundry, and cleaning are as essential to any home as are facilities for sleeping and providing heat. Before the introduction and widespread acceptance of gas and electric ranges and refrigerators, powered washing machines, garbage disposal units, electric ironers, and home freezers, their exclusion from mortgage financing was understandable. Now that they are with us, it is fitting that the concept of mortgage financing expand with the higher standards of living. Lenders are not throwing out their well-established principles of mortgage financing. They are, however, modifying their thinking to meet present problems and conditions by adding a packaged mortgage to their list of tools and devices.

Although space does not permit me to discuss and elaborate upon other new features of a mortgage contract, much might be said about the open-end mortgage, the principal payment deferment privilege, liberal prepayment options, monthly collections of taxes and insurance, and a number of other subjects which the older mortgage loan companies and lenders will recognize as changes and advances in recent years. The packaged mortgage is but one feature of a modern loan contract, designed to meet the needs and welfare of the home owner, as well as to satisfy the income wishes of the holder of the mortgage. We feel that our experience with the packaged mortgage has been successful, and it has also been very gratifying to the officials of this Company to have played a part in introducing the packaged mortgage to the residential mortgage lending field.

One Dollar of Every Six of Income of American People Came from Government

ONE dollar of every six which the American people got in income in 1950 came from the government. That's a pretty good indication of the magnitude of the huge federal establishment which the American people are supporting at the present time—and with taxes as they are, Mr. Average Citizen is beginning to ask if he's getting what he pays for.

An indication of the extent that Government—Federal, State and local combined—has grown in importance as a source of personal income, counting only direct payments to individuals, is provided by figures compiled by the U. S. Department of Commerce.

These figures, which cover the trend and origin of State and regional income payments to individuals over the last two decades, show that aggregate Government payments of this type came to a record $35.2 billions in 1950.

This sum was the equivalent of one-sixth of every dollar of income received by the American people from all sources in 1950, a proportion that in the past was topped only during World War II when an abnormally high level of Government personal income payments was to be expected.

Government income payments to individuals consist primarily of the public civilian payroll, pay of the armed forces including family allowances, various benefit payments such as those to veterans and from social benefit funds, and public assistance and other direct relief. They include Federal, State and locally-owned Government business enterprises. Such payments in the aggregate measure only in part the full impact of Government spending on the nation's economic activity, especially today.

In view of the rise in expenditures at all levels of Government over the years, particularly in the Federal sphere, the question of how and where Government bodies are spending the people's money, and to what extent efforts at economy are being practiced, are matters of increasing national concern.

These questions apply with even greater force under today's conditions in view of the cost of rearmament,

(Continued on page 32)

Mortgage SERVICING Department

WILLIAM I. De HUSZAR, *Editorial Director*

TITLE I—SOME OBSERVATIONS ON PRODUCTION AND SERVICING

By ED McDONALD

WHILE only a limited amount of Title I paper is being originated and placed on the books of mortgage lenders today, many of them have had some experience in this field. For every mortgagee who extolls the virtues of the diversified portfolio and thus has a good word for Title I, there are probably two or more who will say that it isn't what it appears to be and that there are no profits in it. This conflict of opinion does not spell out an answer within itself for, in all probability, both parties are right. One made money, and the other lost; so the question rightly comes down to "for whom is Title I profitable?"

Ed McDonald

The Title I program has had 18 years of wise legislative and administrative guidance and has been too small, generally speaking, to be subject to pressure groups and factions. It is probably the best field of finance to enter today with the expectation that the law of supply and demand will be fully effective. The balance of our economy has been so controlled, decontrolled, pegged and unpegged that one can easily overlook the basic economic laws that always must be reckoned with. Mortgagees bewail the fact that there is a great demand by GIs for new homes, with mortgagees ready to do the lending — but the funds missing. The same is true of the FHA market to an extent. Reasons are as numerous as there are speakers at a convention. The basic reason all speakers have in mind—but don't always mention—is the law of supply and demand. It is a buyers' market, and the investors know it. Our very livelihood is so controlled and regulated that we are powerless to alter our position fast enough to come within the law of supply and demand.

This is not true in the Title I field. The law of supply and demand does operate. If your particular locality has the demand but not the supply, you can make that supply available through your banking connections or through your own capital and, with sound business practices, lay a foundation for a long, and we think, a profitable enterprise.

The Title I program is attractive to your money source. It is a short term investment, reasonably secured through the insurance program, and bears an attractive return on the investment. Title I is attractive to your customers because it is not hamstrung with red tape — that old familiar everything-in-quadruplicate theme that seems to be the life blood of some agencies. If you are purchasing paper through building supply dealers and small contractors, it is a Godsend because it relieves them of a great portion of their accounts receivable which, although good pay, soon tie up all of their capital.

The demand for Title I loans is everywhere. There are 3,069 counties in the United States. FHA says it has loans insured in every one of them. But how great is the demand? The Office of the Assistant Commissioner, Title I, in Washington can supply on a moment's notice the exact figure on how many loans, in number and dollar amount, were made in each state during the last physical control period. For a more localized picture they can, within a reasonable time, supply the figures for your particular county or area. Before going too far into the matter, it would seem wise to determine the demand as reflected by their records. In an area not fully cognizant of the Title I program, public education may add another 25 to 50 per cent to that figure. In an area already competitive, the increase would be negligible.

This last statement brings up the point of competition. What about it? Each lender must counsel with himself on that point, for Washington maintains a judicious silence and treats each bit of information along these lines as a sacred trust. This does

If you have never been in Title I, ever considered the possibility of doing so? Quite a number of mortgagees are doing just that. In the fourth quarter issue of FHA's Insured Mortgage Portfolio, Cecil Laughlin, president of Republic Mortgage Company, Inc., of Ft. Smith, Ark., and Ed McDonald, manager of the firm's Title I department, wrote an article on the possibilities for a profitable Title I operation by mortgagees. While Mr. Laughlin is editorially engaged elsewhere in this issue (Young Men's Activities Committee), Mr. McDonald goes into the Title I operation in a more detailed way and submits questions the answers to which will help determine the advisability for any mortgagee entering this field. He also covers the servicing of these loans.

not mean that the FHA staff does not know of each operation in the country. Far from it! Many a Title I lender has awakened early in the game to find that Washington knows more about his operation, statistically speaking, than he does. A little local investigation through nominal Title I dealers, i.e. lumber yards, etc., will usually turn up the amount of activity in the area as well as the type of service being rendered.

The matter of funds for the operation will differ too greatly among individual cases to discuss here, but funds are available. Furthermore, the approval of Washington rests on the individual merits of each case; but you may rest assured that they are doing an excellent job or they wouldn't have existed for these many years without more regulations and directives from the lawmakers.

It is not the purpose of this article to set out the hard and fast methods of procedure and record keeping to be followed in a Title I operation. They will vary greatly in different parts of the country and according to the size of the operation. We operate, at the present, five offices in four states; and what works best for us may be burdensome to an organization with one office in a more densely populated eastern or northern area. By the same token, our operation will seem inadequate to the large corporations that deal strictly with Title I on a nationwide scale.

I suggest that a careful analysis of your particular area be made; and if you decide that Title I will be a profitable endeavor, set it up initially as you will want it when it reaches full flower. That does not mean that you should overstaff your department with nothing on the books to carry it but do allot the space in your office and buy the necessary machines and equipment to carry you through. This will eliminate the great headache that goes with the transition period and revamping of your whole organization just when it gets going. This will prove much less expensive in the long run. You should certainly not go into the business without someone with previous experience in the field.

In our operation, 95 per cent of all paper is dealer originated. Special emphasis was placed on the selection of those dealers. We find that dealer-originated paper is more profitable, although the prospective borrowers to be found in your current servicing accounts are not to be overlooked. In our operation, the dealer prepares all of the papers, and submits credit application, contract, etc. to our offices. We then undertake to make a careful credit check. This is the most crucial period of your loan, for here you have to decide whether you want to undertake the collection problem for one to three years.

After purchasing the account, we set up our individual account card. We have found the two-register Monroe posting machine to be adequate and reasonable in cost and upkeep. If you are currently servicing mortgage accounts on a NCR machine and it is not utilized full time, you may be able to set it up for machine posting with the minimum outlay by purchasing an additional stop control bar. We have found machine posting best suited to our needs and most agreeable with our investor. There are several hand posting systems throughout the country that seem quite efficient if they happen to dovetail with your physical records requirements. The ultimate choice will be, in all probability, dictated by individual needs and consideration for the needs of the money source.

For our customers' benefit we use the coupon system. By a series of perforations, the customer is shown which payment is due, how much and when. We always send along a printed covering letter introducing the company to the customer and setting out what is expected of him in the matter of payments. If the borrower mails in his payment, his cancelled check or money order stub is his receipt. If he elects to pay at the office in cash, the coupon book provides a stub, not unlike a check book, that has a place for the "PAID" stamp, the amount, and the cashier's symbol. An abbreviated payment slip is prepared and goes to the posting department. All records and payments go to the home office for central control and audit. This causes some inconvenience, but to duplicate the arrangement five times seems economically inadvisable.

The delinquency problem in Title I is great, no matter how experienced the credit underwriter. In the hands of one not experienced in consumer

credit, it is well-nigh disastrous. Prompt recognition of the problem is essential; and with any medium-to-large operation, a collection department is indispensable. The actual method of credit control must be tailored to fit each organization and its physical set-up. Cards should be run daily; and when the account is at any predetermined number of days past due, action should start. This time varies from three to seven days with different companies. If an account is in town, a telephone call usually brings the best results. Otherwise we send out a polite reminder, then a more emphatic notice. If that does not bring results, we send a personal letter. These all come at five-day intervals; and if the letters do not do the trick, a personal call is made. This procedure is not inflexible, for we find that different borrowers respond to different things. Notations should be made on the borrower's record for future reference so the best method will be discovered and followed. Regardless of the method, it is the consistent insistence that gets the money in.

We have talked to lenders who say they have never made a claim. To improve our own collections, we have bought books by collection authorities who insist there are no uncollectible accounts. We won't argue with them — but they certainly aren't doing enough Title I business to talk about! We have had to file for claims and will have to file for more in the future. One of our borrowers had the unfortunate experience of falling under a train and thus curtailing his earning capacity. A businessman with a beautiful credit report made a bad guess and was later thrown into receivership. Another man was apparently mistaken for a deer, for his life span was cut short by a 30-30. We have another who took one gamble with the law—and lost. Judging from the sentence he will serve he will be somewhat delinquent in the near future. Experiences like these make one thankful for the insurance reserve. Our claim service has been excellent so far, and measures up to the general high quality of service and co-operation received from the entire Title I staff in Washington. The claim form is simple and, so far as I know, is the only form in the book in triplicate.

PEOPLE AND EVENTS

Murray Waters, son of S. M. Waters, past president of MBA, has resigned his position with the First National Bank in Minneapolis to become associated with his father's company, M. R. Waters & Sons, Inc. **Leslie M. Steele** has been named executive vice president of the Underwood Mortgage & Title Company, Irvington, N. J.

Elmer S. Carll

Frank S. Lynn

Elmer S. Carll, former president of the Philadelphia MBA and until recently vice president of Frankford Trust Company, Philadelphia, was named president of the Industrial Trust Company. **Frank S. Lynn** was named executive vice president.

Robert E. Smith, Philip Heller and **Harry C. Post** have been named city mortgage managers in the city mortgage and real estate department of The Mutual Benefit Life Insurance Company, Newark. **Gunnar Anderson,** was named manager of the building department. Mr. Smith will have supervision of mortgage supervisors, mortgage loan correspondents and regional offices in the eastern half of the United States, Mr. Heller the western half and Mr. Post will supervise mortgage loan correspondents and regional offices throughout the United States as to the servicing of mortgages.

L. Hall Jones has been elected president of Joyner-Heard Co., Memphis, to succeed **Robert G. Heard** who has headed the company for the past 17 years. Mr. Heard is retiring from the office of president because of ill health.

Title I can be profitable if you have the demand, have an aggressive or-organization that will make competition, not just meet it, and if you are willing to make it a front-money operation rather than a step-child.

It is not possible to go into all details of the operation here but we would like to see more interest generated in the Title I field. It is the most interesting work we have explored and appears to be one of the few dignified small loan operations that the mortgagee can enter and still keep his identity on the high plane he desires. It bears investigation by all.

Did any MBA member lose a watch at the Chicago Conference? If so, describe it to the editor. Maybe we have it.

Raise the FHA and VA Rates

That's what it will take to end the impasse, members of the Senate Banking and Currency Committee were told

TALL, eloquent, well-informed Sen. John Sparkman was speaking. Home builders were listening. It was their January annual convention in Chicago.

"I wish we could do away with Fanny May. I think private capital can take care of our financing needs. I just think my fellow southerner friend, Costa here, and his group, are somehow going to get the money for this financing. . ."

The solution to the problem Sen. Sparkman had in mind hasn't been found; but since he spoke, a start has been made to get at the roots of what the problem is and how it can be solved.

The now famous round table hearings of the Senate Banking and Currency Committee in early February provided the first opportunity for a careful and considered appraisal of just why the FHA market is less active than it should be and why the GI market is considerably less than that. About every aspect of what some call "the crisis in mortgage credit" and others "the mortgage problem" came in for review; and whatever else may come out of it, a far better understanding of the economics of lending on and investing in mortgages has emerged.

"This tight money situation could be cleared up overnight," W. A. Clarke, Chairman of MBA's Washington Committee, told the committee, "simply by authorizing government agencies to permit lenders to do exactly what is currently being done with public housing bonds. No new legislation is necessary.

"There is nothing holy in 4 per cent or 4¼ per cent interest rates. Let the market seek its own level within the limits of present legislation.

Members have already been given the details of what happened at the hearing in our *Washington Letter* and many have read the memorandum in note form covering the various points of view emphasized by the participants who appeared. And by now members have also had an opportunity to read and reflect upon the supplemental brief filed later with the committee and which represents our statement of policy. President Costa, Mr. Clarke, Vice President Brown L. Whatley and Federal Legislation Chairman George H. Dovenmuehle worked almost constantly for two days to prepare it and present it to the members attending the Midwinter Mortgage Conference. There was no dissenting opinion.

Only an increase in rates will loosen the tight market for FHA and VA loans, said our statement; and there are ample indications that what we proposed at the hearings and the views incorporated in our supplementary statement are attracting attention—the kind of attention that is usually the forerunner to action.

In addition to the increased interest rates, MBA proposed that the interest rate on the Title IX debentures should be raised from 2½ per cent to a rate which will assure their sale at par; and, second, some improvement should be made in the present waste provisions.

"Current FHA and VA rates are not effective because they are not competitive with the rates lending institutions are able to obtain on other

The Senate Banking and Currency committee hears the mortgage man's views of what it will take to get the FHA and GI markets functioning normally. Answer: increased rates. Above: MBA President Aubrey M. Costa and W. A. Clarke at the hearing.

ON THE COVER: left to right, clockwise around the table are Senator Maybank, Chairman; Ward Smith, National Association of Real Estate Boards; D. C. Josephs, New York Life Insurance Company; (and partially hidden) FHA Commissioner Franklin D. Richards and HHFA Administrator Raymond M. Foley; Robert M. Morgan, Boston Five Cent Savings Bank; Jesse W. Tapp, Bank of America; William McC Martin and Guy E. Noyes, Federal Reserve Board; Oscar Kreutz, National Savings and Loan Association; John J. Scully, Chase National Bank of New York; Dr. Arthur M. Weimer, United States Savings and Loan League; W. K. Divers, Federal Home Loan Board; T. B. King, loan guaranty service Veterans Administration; MBA President Costa; Harry Held, Bowery Savings Bank, New York; Norman Carpenter, Metropolitan Life Insurance Company, (and back to camera, extreme right) Senator John Bricker of Ohio. Spectators: George C. McIntosh, Arlington, Virginia; Oliver M. Walker, Washington, D. C.; Curt C. Mack of FHA; MBA Vice President Brown L. Whatley and George H. Dovenmuehle.

At the hearing but not in the picture: W. A. Clarke; Robert E. Pratt, Institutional Securities Corporation; J. G. Jewett, Prudential Insurance Company; Thomas E. Coogan, assistant to the Secretary of Defense; Allan Brockbank, president, National Association of Home Builders; Roy Blough, President's Council of Economic Advisers; Edward Bartelt, assistant to the Secretary of the Treasury, and E. A. Camp, Jr., Liberty National Life Insurance Company. Senators at the hearing were Sparkman, Moody, Ives, Frear, Capehart and Robertson.

Inflationary Aspects of Public Housing Bonds Worries Fed

By WILLIAM McC MARTIN

Chairman of the Federal Reserve Board Before the Senate Banking and Currency Hearing

THE questions with which you (at this hearing) are especially concerned are:

» Whether mortgage financing can obtain from the available pool of funds a sufficient amount to cover the 800,000 new starts which have been suggested as an attainable ceiling for 1952 on the basis of available resources;

» Whether the distribution of that financing at the current pattern of mortgage interest will be generally consistent with that experienced in the recent past.

It can be estimated conservatively that the turnover of old houses and the financing of the number of 1- to 4-family dwelling unit completions which would result from an 800,000 start year in 1952 would require approximately 13¼ billion dollars. About 8.8 billion dollars of this amount would probably be used for the financing of transfers of existing properties and for loans on such properties, and 4.5 billion for new construction. At the same time mortgages outstanding should generate about 9 billion dollars in amortization payments and other retirements, thus requiring a net investment of new funds of about 4¼ billion dollars to support an 800,000 start year.

One striking feature of the above estimates is that two-thirds of the mortgage credit extended in 1952 will likely be in connection with existing properties and only one-third for the purpose of financing new construction. If credit extensions in connection with existing properties could be regulated selectively, as has been recommended from time to time, such regulation could help to assure the availability of funds for financing new construction.

Without some restraint on the absorption of funds in the financing of existing properties, it cannot be said with any certainty that funds will be readily available—either for 4 and 4¼ per cent financing in defense areas or for 4 per cent GI financing generally. On the other hand, in 1951 we did finance over 6½ billion of net extensions of mortgage credit and the 4½ billion projected for 1952 represents a very substantial reduction in that figure.

If confidence in the basic soundness of our monetary structure is maintained and people continue to save and place their savings with savings banks, insurance companies, and savings and loan associations, these institutions which are normally large purchasers of mortgages, will have substantial funds to invest. A large part of these savings this year will need to go into government bonds if we are to attain our anti-inflation objectives. What part of the remainder, which will be keenly sought by various outlets, will flow freely into mortgages at 4 per cent is more than I can predict.

It is important to note, however, that any effort to stimulate that flow through additional FNMA purchases or VA direct loans would increase the government's prospective cash deficit and increase considerably the already difficult problem of financing the Federal budget.

So far I have limited my remarks to the financing of 1-4 family unit dwellings. There will be some new multi-unit starts and some financing requirement from this quarter. If such starts are in the neighborhood of 50,000, as informed trade sources believe, about $800,000,000 will be required to finance this type structure. It does not appear likely that this substantially reduced program will encounter serious difficulties in obtaining financing through the usual channels.

One important new factor in the market which is very disturbing to us at the Federal Reserve is the tax-exempt bonds which are being issued to finance public housing. Some $328,000,000 of such issues were floated in the last half of 1951—together with $45,000,000 of six-months' notes—and the market anticipates total issues for 1952 in the neighborhood of $750,000,000. Not only do such issues absorb some of the funds that would otherwise supply a market for government bonds or for mortgages generated by new private construction, but they afford an opportunity for wealthy individuals and corporations to reduce legally their income tax payments in a period when it is essential that tax revenues be as large as possible. The issuance of these bonds at this time has been of special concern to the Federal Reserve since the Voluntary Credit Restraint Program Committee, organized under the Defense Production Act, has been exerting strenuous efforts to keep down the volume of such tax exempt securities otherwise originated.

types of securities," said our proposal.

"The FHA and VA yield, to be made effective, must be increased to be competitive with the rates investors are able to obtain in the general market.

"It is our opinion these increases would produce sufficient funds from private sources to complete the present defense housing program and provide opportunities for veterans to purchase homes. This particularly applies to minority (racial) groups and to those rural areas not customarily served by conventional lenders."

★ YMAC ★

Don't let the "YMAC" stop you. It's not a new government agency but short for MBA's new Younger Men's Activities Committee. The group started at the San Francisco Convention and followed through with the Washington Conference in January. One of its activities will be a page or more in THE MORTGAGE BANKER *for discussions of any and all things that seem pertinent and timely to the younger generation in the mortgage industry. You'll see it here monthly. Cecil Laughlin, president of the Republic Mortgage Company, Inc., Ft. Smith, Ark., will be the editorial director of the section.*

By CECIL LAUGHLIN

AS THE initial offering in this department, we will outline general information regarding the Younger Men's Activities Committee hereafter known as "YMAC."

Cecil Laughlin

During the San Francisco convention, at the suggestion of President Aubrey M. Costa, a breakfast was held for the younger members of MBA. A temporary committee was formed and announced in the last issue of *The Mortgage Banker*.

Between September and January 14th, each member was asked to suggest topics of interest and ideas that might be used at future regional clinics and the national convention. Tom McDonald, chairman, assembled these ideas and a committee meeting was held Sunday, January 13th, preceding the Washington Conference.

From this, and a second meeting in Washington, the following suggestions were outlined to President Costa for consideration:

›› That the younger members be afforded an opportunity to learn more about the organization of MBA with emphasis on the functions and responsibilities of the committees on which we may be invited to serve.

›› That one representative from our group be appointed to each of the standing committees of MBA.

›› That one or more representatives from our group be elected to the board or appointed as an assistant regional vice president for each region, subject to the approval of YMAC.

›› Future arrangements should be made for the younger men to meet, on their own level, banking and life insurance executives and various government men who determine policies in the mortgage industry. In this way we will be fully aware of the trends of mortgage policies so as to better prepare us when eventually we become the policy makers.

›› So as to more fully educate the junior executives, we suggest that future clinics include, under the sponsorship of this group, a discussion of the proper coordination of management problems.

›› Provide sufficient time during the next MBA convention for the junior excutives to express themselves publicly in the following manner: first, Present a summary of the year's activities with respect to what has been accomplished and what is planned for the future; and, second, Conduct a forum with participation by senior members of mortgage companies in a question and answer panel with junior executives.

›› YMAC willingly offers its services to the Educational Committee and other committees to inform the general public as to the functions and importance of the local mortgage banker and thereby interest qualified personnel in the possibilities in our field.

›› That adequate space be provided in *The Mortgage Banker* for the dissemination of information and ideas from junior executives, thereby bringing the entire group closer together. In addition, all junior executives are to be permitted to subscribe at the annual cost of $4.

It was the consensus of opinion at both meetings that more emphasis should be placed on fraternization at all future clinics.

One committee member has suggested that it might be worth while to have at all future meetings, various MBA members appointed as reception committeemen or more or less good will ambassadors for the purpose of bringing both younger men together as well as acting in an introductory capacity between the younger men and senior members of various companies.

This idea seems worthwhile in view of the fact that all of us are too prone to merely seek the particular association of a limited number of individuals rather than taking the time and trouble to get generally well acquainted. We hope that this thought will crystalize in some form.

Another suggestion, and one endorsed wholeheartedly by the entire group, was for this section of *The Mortgage Banker* to become a clearing house for ideas, suggestions and questions and answers from any MBA member who feels that his age or experience in the business qualifies him to be included in YMAC.

MBA holds regional clinics for the express purpose of permitting a larger portion of its members to at least have the advantage of one gathering or more a year. It was agreed, however, at our recent meeting that far too few younger men are permitted by their management to attend even the regional clinics. Since all firms are dependent on new blood to carry forward in the years to come, it behooves the present management to encourage more younger members to become active in MBA, rather than waiting until they are directing the management.

We have the promise of some of the best informed men in the industry who have agreed to answer any questions, technical or general, that are pertinent to our business today. Therefore, please do not hesitate to write me regarding any such questions and advise us whether or not it will be permissible to quote the source of the question. The MBA Directory does not include a breakdown of either age groups or responsibility categories; it would, therefore, be most helpful in formulating committees within YMAC to have a letter from you expressing interest and willingness to work with us.

Charleston, West Va. Organizes New MBA

Newest local MBA group to organize is in Charleston, West Va., a city where no previous local association had ever been formed. At the initial meeting were, left to right, first row, S. L. Flournoy, National Life of Vermont correspondent; E. D. Hardman, Shenandoah Life correspondent; Frank M. Hereford, Home Mortgages, Inc.; Hugh May, Prudential correspondent. Second row: Col. F. Guy Ash, FHA state director; Ralph T. Ayers, Pancake Realty Co., and MBA membership chairman; W. F. Motley, National Bank of Commerce; George F. Skidmore, Penn Mutual Life correspondent; E. S. Dudding, National Bank of Commerce; W. E. Wright, Penn Mutual correspondent. Third row: Guy Erwin, Home Mortgages, Inc.; P. E. Hyre, FHA chief underwriter; A. V. Greenlee, Atlantic Life correspondent; O. T. Orr, Columbus Mutual Life correspondent; W. G. Caperton, Home Mortgages, Inc.; F. H. Auld, Home Owners Service Corp.; V. V. Faigley, Kanawha Valley Bank; M. M. Alexander, Home Owners Service Corp.

J. F. HEGESSY IS NEW UTAH MBA PRESIDENT

J. F. Hegessy was named president of the Utah MBA to succeed J. E. Benedict, secretary, Tracy-Collins Trust Co.

J. F. Hegessy

Mr. Hegessy is secretary-treasurer of Miller and Viele.

Other officers elected at annual meeting included:

Vice president, L. W. Sowles, manager of the mortgage department, American Housing Corp., and secretary-treasurer, Charles H. Dixon, Spanish Fork, vice president of Commercial Bank of Utah.

EVERETT MATSON NEW HEAD OF DALLAS MBA

Everett Matson of the T. J. Bettes Company has been elected president of the Dallas MBA and E. P. Bennett of Massachusetts Mutual Life Insurance Company was named vice president. J. Herman Little of J. Herman Little Company was elected secretary and treasurer.

ONE DOLLAR OF SIX

(Continued from page 24)

the record burden of taxation now borne by the people at large and by business and industry, and the fact that unbalanced Federal budgets and renewed deficit financing are again in prospect despite a flow of revenues far greater than any in the past.

It is significant to note the extent that combined Government income payments to individuals have grown as compared with other major sources of personal income over the years.

Trade and services represent the biggest single source of personal income. Back in 1929 this classification represented 24.4 per cent of total income payments to individuals. The proportion last year was 26.3 per cent of the total, representing a gain of about 8 per cent in the period in the contribution of trade and service income to the people's total income.

The comparable 1929 and 1950 figures for manufacturing payrolls, the No. 2 source of personal income, were 19.7 per cent and 22.6 per cent, respectively. Thus manufacturing payrolls contributed about 15 per cent more to the people's income in 1950 than two decades before.

These gains are dwarfed, however, by the fact that the proportion of Government income payments to total national income payments to individuals has risen from 7.3 per cent in 1929 to 16.2 per cent in 1950, an increase of approximately 122 per cent.

There are now no states in which combined Government income payments represent less than 10 per cent of total income payments to individuals. Back in 1929 there were only 10 states above the 10-per cent mark, In 1950 there were 11 states, in the South and in the West, where the proportion of Government income payments represented 20 per cent or more of total income payments to individuals.

The District of Columbia, of course, as the nation's capital, is in a class by itself.

NOT VERY SERIOUS

He: "If I had a million dollars, do you know where I'd be?"

She: "I'll say! On our honeymoon."

Dad: About this girl you want to marry, son; has she good connections?

Junior: Well, dad, she never came apart when I was with her.

Nell: "You should not be discouraged. In this world, there is a man for every girl and a girl for every man. You can not improve on an arrangement like that."

Belle: "I don't want to improve on it. I just want to get in on it."

Reporter: What shall I say about the two peroxide blondes who had a fight at the baseball game last night?

Friend: Why just say the bleachers went wild!

A proud parent called up the newspaper and reported the birth of twins. The girl at the news desk didn't quite catch the message over the phone. "Will you repeat that?" she asked.

"Not if I can help it," was the reply.

A young man, undergoing an examination for appointment to the New York police force, was asked. "If your beat was a lonely path in Central Park, and a beautiful girl rushed up to you and declared that a strange man had suddenly grabbed her and hugged and kissed her, what would you do?"

He replied instantly, "I would endeavor to reconstruct the crime."

Don't worry about finding your station in life; somebody will be sure to tell you where to get off.

Experience is the name everyone gives to his mistakes.